

Service Date: September 27, 2006

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER OF MONTANA-DAKOTA	)	UTILITY DIVISION
UTILITIES CO., Public Service Commission	)	
Investigation and Direction on Electric and	)	DOCKET NO. D2006.1.2
Natural Gas Universal System Benefits	)	ORDER NO. 6727a

**ORDER DIRECTING FILING**

In its *Report On Investigation* issued September 27, 2006, in this docket, the Public Service Commission (Commission) determined that Montana-Dakota Utilities Co. (MDU) did not fund its natural gas universal system benefits (USB) program at the minimum level required by law in years 2002, 2004 and 2005.<sup>1</sup> Although § 69-3-1408(2), MCA, establishes the minimum funding level for a utility's natural gas USB program at 0.42% of the utility's annual revenue, MDU's funding levels fell short of the statutory requirement at 0.31% of annual revenue in 2002, 0.36% in 2004, and 0.38% in 2005.

In order to ensure MDU's brings its natural gas USB program into compliance with the minimum annual funding requirement of 0.42% of MDU's annual revenue, the Commission directs MDU to submit to the Commission a proposal for new natural gas USB tariffs that ensure MDU's compliance with the statutory annual minimum funding requirement. In addition, the Commission directs MDU to include in its filing alternative methods for applying the USB charge to customers, such as applying it on a volumetric basis as is done by other natural gas utilities in Montana, rather than on MDU's current flat-charge-per-bill basis.

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<sup>1</sup> See *Report On Investigation*, Docket D2006.1.2, September 27, 2006, pp. 4-5.

### **CONCLUSIONS OF LAW**

1. The Commission is the Montana administrative agency charged with regulating public utilities. § 69-1-102, MCA. MDU is a public utility in regard to MDU's provision of natural gas and electric services to customers in Montana. § 69-3-101, MCA (meaning of "public utility").
2. MDU, as well as other Montana energy utilities, is required to have USB programs. See, e.g., § 69-3-1408, MCA (natural gas utility USB program) and § 69-8-402, MCA (electric utility USB program). The PSC has authority to approve public utility USB programs. § 69-3-1408, MCA (natural gas USB) and § 69-8-402, MCA (electric USB).

### **ORDER**

1. MDU is directed to submit to the Commission by November 1, 2006, a proposal for new natural gas USB tariffs that ensure MDU's compliance with the statutory annual minimum funding requirement of 0.42% of MDU's annual revenue.
2. The Commission further directs MDU to include in its filing alternative mechanisms for applying the USB charge to customers' bills, such as applying it on a volumetric basis as is done by other natural gas utilities in Montana, rather than on MDU's current flat-charge-per-bill basis.

DONE IN OPEN SESSION at Helena, Montana on the 19th day of September, 2006, by a vote of 4 to 1.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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GREG JERGESON, Chairman

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BRAD MOLNAR, Vice Chairman  
(Voting to dissent)

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DOUG MOOD, Commissioner

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ROBERT H. RANEY, Commissioner

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THOMAS J. SCHNEIDER, Commissioner

ATTEST:

Connie Jones  
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.